

Message Text

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64

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 PA-02 PRS-01

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R 082115Z MAR 76

FM AMCONSUL CALGARY

TO SECSTATE WASHDC 1598

INFO AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ENRG, CA

SUBJ: PETROCANADA CONSIDERING PURCHASE OF U.S. OIL

SUBSIDIARY

1. PETROCANADA, THE CROWN PETROLEUM CORP., IS CONSIDERING THE PURCHASE OF ATLANTIC RICHFIELD CANADA LTD. PETROCAN CHAIRMAN MAURICE STRONG, SAID FRIDAY IN CALGARY THAT HIS COMPANY HAS UNTIL JULY 1 TO DETERMINE WHETHER IT WISHES TO PURCHASE ALL OF THE SHARES FROM THE PARENT ATLANTIC RICHFIELD COMPANY OF LOS ANGELES.

2. REPORTED ASKING PRICE IS DOLS 400 MILLION, WHICH INCLUDES CURRENT PRODUCTION OF 38 THOUSAND BARRELS OF CRUDE OIL AND NATURAL GAS LIQUIDS PER DAY, AND A DAILY 81 MILLION CUBIC FEET OF NATURAL GAS. ATLANTIC RICHFIELD CANADA ALSO HAS EXTENSIVE HOLDINGS IN THE FRONTIER REGIONS AND IN THE ALBERTA OIL SANDS.

3. PETROCAN HAS BEEN LOOKING FOR A COMPANY WHICH IT COULD PURCHASE AND THEREBY COMMENCE OPERATIONS IN THE OIL AND

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GAS FIELDS WITH AN ESTABLISHED ORGANIZATION. ATLANTIC

RICHFIELD CAN PROVIDE THIS MECHANISM, AND IT IS NOT EXPECTED THAT PETROCAN WILL MAKE ANY FURTHER PURCHASES OF OTHER MAJOR COMPANIES.

4. ATLANTIC RICHFIELD COMPANY OF LOS ANGELES IS ENGAGED IN EXTENSIVE OPERATIONS IN OTHER PARTS OF THE WORLD, INCLUDING MAJOR PARTICIPATION IN THE TRANS ALASKA PIPELINE PROJECT. THE COMPANY HAS BEEN LOOKING FOR A PURCHASER OF ITS CANADIAN INTERESTS SO THAT IT COULD USE ITS INVESTMENT CAPITAL IN OTHER AREAS.

5. THE LIBERAL GOVERNMENT IN OTTAWA LAST YEAR AGREED TO PROVIDE PETROCAN WITH UP TO DOLS 1.5 BILLION OVER A FIVE YEAR PERIOD FOR SUCH PURCHASES AND TO FINANCE ITS OWN OPERATIONS.

HALL

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